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MGMT 348.02: Entrepreneurship

Richard L. Wishcamper

University of Montana - Missoula

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University of Montana School of Business Administration

MGMT 348 - Entrepreneurship

Instructor: Rick Wishcamper
Office: 342
Phone: 243-5695
Email: rick.wishcamper@business.umt.edu
Web: www.business.umt.edu/faculty/wishcamper

Office Hours: Tuesday and Thursday 3:30 – 5:00

Text: Timmons, New Venture Creation
Additional readings are on reserve at the Mansfield Library and are posted on my web site.

Class Time:

Section 1	T-R	12:40-2:00	GBB 122
Section 2	T-R	2:10-3:30	GBB 122

Please note: It is your responsibility to follow the course schedule. On several occasions your group will be required to meet with the Professor instead of, or in addition to, attending class. These occasions are clearly identified on the course schedule.

Course Objectives:

To instill in each student the belief that upon completion of the class that they possess a foundation of skills and knowledge that will enable them to effectively evaluate new venture opportunities and increase their odds of successfully starting a business.

The central focus of the course is the critical role of opportunity creation and recognition, and the entrepreneur, as the principal success factors in starting and growing a new venture. The course is especially relevant for aspiring entrepreneurs bent on launching and growing a business that is quite profitable and can exceed several million dollars in sales. The notion here is that it is often riskier, more demanding and painful, and less rewarding to think too small. In examining the issues and problems facing entrepreneurial ventures the course will seek to achieve the following objectives:

1. Identify and determine the driving forces in a new venture.
2. Identify how successful entrepreneurs and investors create, find, and differentiate profitable and durable opportunities. In particular, how they tell these opportunities apart from just "other good ideas".
3. Evaluate and determine how successful entrepreneurs and investors create and build value for themselves and others.
4. Identify and determine the necessary financial and non-financial resources available for new ventures, identify the criteria they use to screen and evaluate proposals, their attractiveness and risk, and how to obtain start-up and early growth capital.
5. Determine the critical tasks to be accomplished, the hurdles to be overcome during start-up and early growth, and what has to happen to succeed.
6. Apply the opportunity screening criteria to actual start-up ideas, and subsequently develop a business plan and business plan presentation suitable to present to investors and industry participants.
7. Develop and analyze integrated financial projections for start-up ventures.

Course structure:

The course will have three primary components: weekly text chapters and quizzes, case studies, and a written business plan for a proposed new (high potential) business venture.

For the weekly readings from the textbook and associated quizzes, students will be expected to read each assigned chapter and come to class prepared to discuss and expand upon the themes and concepts of the chapter. For each chapter, there will be a simple ten question multiple choice quiz that will be given at the beginning of the class session in which the chapter is due. For further detail regarding quizzes refer to the quiz section of later in this syllabus.

The case study component of the class will rely heavily on student participation. Students should come to class prepared to discuss each case from the perspective of the lead entrepreneur of the business in the case. Please have an opinion and be ready to defend it. Additionally, students will be expected to write a one-page paper for each case identifying the key issues in the case and outlining how they would address those issues if they ran the business in the case.

Students will work in teams to create a complete business plan for a proposed new or expanding venture. The business plan is a major project due at the end of the term. Business plans are the road maps used by entrepreneurs in planning new ventures and are absolutely necessary in soliciting financing. Business plans should closely follow a standard format to be discussed in class and should include a complete set of integrated pro forma financial statements. The business plans should clearly define the opportunity, potential markets, entry strategy, financing strategy, and most importantly the financial viability of the proposed venture. I expect the business plans to be of exceptional quality, to the level that students would feel comfortable approaching investors. In class we will discuss the overall architecture of a business plan as well as the different components of a business plan – the company and strategy, marketing, competition etc. Students will be encouraged to talk about their business plans in this context and I hope that the members of the class will be a valuable resource for each other in addressing questions about the business plans.

Attendance and Participation Policy:

Student participation and interaction are crucial to the success of this course. The opportunity for students to gain insight into different perspectives on entrepreneurial issues is of tremendous value. This can only be accomplished if students come to class consistently and are prepared to participate with questions and observations. In addition, the class is designed to build sequentially, from module to module. Therefore, only two absences without an official University excuse will be allowed. For each additional absence your course grade will be lowered 1/3 of a letter grade.

Grading:

Case preparation and write ups	30%
Business plan and presentation	35%
Midterm Exam	15%
Quizzes	15%
Class participation	<u>5%</u>
	100%

Late Work:

Late work will not be accepted. All assignments will be due on the date specified by this syllabus unless otherwise announced. All chapters and assignments are DUE on the date listed below. Failure to complete an assignment or to have read a chapter by the due date will result in a zero for that class session.

Class Schedule and Assignments:

<u>Date</u>	<u>Topic</u>	<u>Chapter</u>	<u>Case/Assignment</u>
1/30	Class Introduction	1	
2/1	The entrepreneurial process	2	
2/6	The entrepreneurial process		PC Build
2/8	Opportunity recognition	3&4	Idea generation guide exercise
2/13	Opportunity recognition		Roxanne Quimby
2/15	Guest Lecture	8	Group meeting with instructor
2/20	Resources	10	Fax International
2/22	The business plan	11	
2/27	The business plan		Beautiful Legs by Post*
3/1	Financial modeling	Hand out	Business Plan progress report due
3/6	Entrepreneurial finance	12	
3/8	Financing the start-up	Guest lecture	
3/13	NO CLASS	Mid-term exam (take home)	
3/15	NO CLASS	Mid-term exam (Due by 5pm 3/15)	
3/20	Spring Break		
3/22	Spring Break		
3/27	Equity Financing	13	Meet with instructor
3/29	Equity Financing		Hindman & Company
4/3	Valuation/Structuring a deal	14	
4/5	Valuation/Structuring a deal		Bridge Capital Investors
4/10	Debt Financing	15	
4/12	Debt Financing		Jiffy Lube International
4/17	Managing rapid growth	16	
4/19	Managing rapid growth		Quick Lube
4/24	Exit/Harvest	18	
4/26	Exit/Harvest		Boston Communications Group Business plans due 5pm
5/1	Business plan presentations		
5/8	Business plan presentations		
5/10	Business plan presentations/Wrap-up		

* The Beautiful Legs case will be handed out by the instructor one class session prior to when it is due.

CASES

For each case, students will be required to write a one to two page paper outlining the critical issues of the case and provide ideas for addressing those issues. I do not want a simple summary of the case. Students should think about the underlying issue driving the situation. Time is a limited resource for entrepreneurs; the ability to identify and deal with the key issue in a situation is critical. Cases will be due at the end of the class session in

which the case is discussed and will be graded on a pass-fail basis. I expect the cases to be written at a professional level – grammatical errors, spelling mistakes, and typos will be cause for a failing mark. Proof read your papers carefully. If you need help with writing I will be glad to meet with you individually.

QUIZZES

There will be eleven quizzes given throughout the semester. The quizzes will be given at the beginning of class and will consist of ten multiple-choice questions from the chapter that is due for that session. The quizzes are designed to ensure that students have completed the readings and should be quite easy if students have come to class prepared. The quizzes will be given on scantron answer sheets; students should come to class with a number two pencil. Students will be allowed to drop their lowest quiz score, therefore the 15% of the final grade that is made up of quizzes will be the average score of each individual's top ten quizzes. As student's can drop one quiz, there will be no make-up quizzes.

BUSINESS PLAN PROGRESS REPORT

The Business Plan Progress Report will play a critical role in completing a quality document by the end of the semester. This means that your group should begin discussing and getting started on the document immediately after the group is formed. I would suggest either following the guidelines of one of the Business Plan books on reserve in the library or having a group member purchase a copy of a software package such as Biz Plan Builder. In addition, there are several web sites with good business plan outlines or drafts. I would expect that your group be completed with at least a draft consisting of sections addressing The Company and Its Overall Strategy, Industry Analysis, Management Team, and Marketing Strategy and have a skeleton of your financial model done by this point in the semester (the more complete your financial model and write up is at this point the easier it will be to write the other sections of your plan). I do not insist on a particular format or care what you call the sections of your plan. There are many different ways to structure a business plan; you have the discretion to follow the one that fits your proposed venture best. I do care that the structure is logical and easy to read and that the plan addresses all of the pertinent issues for evaluating your new venture. By this point in the semester you will have read several business plans for class preparation and should be familiar with the type of information and structure that comprise a quality plan. You may want to ask friends, business people, other instructors, etc. to review your plan for initial concerns. Know the resources that are available to you and utilize them.

In summary, I expect to receive a document that demonstrates significant progress and effort. I do not expect it to be a completely different document from the business plan that you are developing.

BUSINESS PLAN FINAL REPORT AND PRESENTATION

(Due by April 26th in class –no exceptions)

The final business plan that you turn in is likely to be lengthy, but should be no more than 40 pages long including text and exhibits. The text portion is to be no longer than 25 pages (1.5 spaces, 12 point font, .5 inch margins). The document should contain all information necessary for an investor to evaluate the business and its potential. You are a group of entrepreneurs starting your own business. As such, you have many resources available to you in researching and writing your plan; identify your resources early and use them as much as possible. Resourcefulness is a character trait of successful entrepreneurs and will be rewarded in this class.

Research for your business plan should extend beyond reliance on the Internet. There are numerous sources of market data available. When you do use data from an Internet source the source should be cited and should be a reliable, recognizable source of data. For example, using Fred's Market Data would not be considered reliable. In contrast, using government census data would be considered reliable.

Final Business Plan Presentations

Your group will provide a presentation of your business plan to the class during one of the final class sessions. The Professor will determine the length of these presentations. There may be additional judges invited at my discretion. The presentations are expected to be formal, as if you were presenting the business to a group of potential investors. As such, all students (including those not scheduled to present) are expected to dress in formal business attire. Should your group require audio/visual equipment, please inform me one week in advance.

Your entire group is expected to attend all presentations. No exceptions. Failure to attend will significantly affect your course grade.

NOTE: Your group should bring back up transparency slides for the presentation in case equipment does not work. Regardless of equipment failure your group will be required to present on its scheduled day and time.

EXPECTATIONS FOR WRITTEN ASSIGNMENTS

Your success in the business world will depend, to a large extent, on your ability to communicate. Courses during your first few years at the Business School provided the opportunity to hone your written and oral communication skills. This course will provide you with the opportunity to develop further both of these skills. You will be required to make a formal presentation to your classmates and possibly some external judges at the end of the semester and try to convince them of the strength of your business plan. You will also be required to submit several written business reports, including a comprehensive business plan. The purpose of this section is to help you with your written assignments by providing a number of helpful suggestions as well as outlining my expectations.

Substance: You should substantiate what you are trying to convey with facts and data. In most cases, you will be asking the reader of your business report to commit substantial resources--financial, human, or physical--to a project. The decision-maker will not make the decision because you think you have a good concept. Rather, you will need to convince the reader by providing hard facts and data with appropriate citations. Your rationale and reasoning should be explained logically and clearly. Effective business reports are not documents put together at the last minute—they take time to develop.

Style: The style of your business reports should be clear, concise, and to the point. The executive reading the report does not want to be entertained. He or she wants the information necessary to make a decision. Avoid flowery language with lots of adjectives and adverbs. Don't use the term "big nail" if the word "spike" more accurately conveys the idea. I have high expectations. If you want to excel in the business world you should too.

Outline: Most word processing software includes an outlining function. Use it. Begin your business reports by developing an outline to organize your thoughts and the concepts you are trying to convey. The more comprehensive and detailed your outline, the easier it will be to write a quality report.

Proofread: Carefully proofread each draft of the report. You will probably need three or four drafts before you are satisfied with the report.

Exhibits/Appendices: I do not expect to receive exhibits or appendices with your handwriting on them. Instead, you should have typed exhibit numbers (let me know if you want some help). This includes copying exhibits from other sources. Unless you are using a photograph that cannot be reproduced in PowerPoint, I expect you to make models, charts, and spreadsheets on your own. This takes time but it is all part of being professional. If you require assistance, please do not hesitate to ask.

Grading: Reports will be graded as if I were an executive trying to make a business decision based upon the written report. Proper spelling, syntax, grammar, punctuation, bibliography, citations, footnotes, and professional appearance are expected. Your grade may be lowered as much as two full letter grades if these areas are lacking.

Plagiarism: Don't do it. Plagiarism includes taking exhibits from books without giving credit and taking any exhibit from another group. Plagiarism will result in a failing grade.

SELECTING YOUR TEAM MEMBERS

Forming a strong team is central to successful entrepreneurial ventures. Forming such a team for this class is also very important. Selecting individuals with whom you will work during the semester is a key part in this class. Your decision should not be made lightly. Although getting along with the other members of your team is important, for the assignments you are required to do in this class it is much more important that you select team members with a wide range of skills and abilities. This means that you should come to class on February 6th prepared with questions that you will ask other students regarding their industry experience, relevant course work, work styles, and motivations for taking advantage of the learning opportunities provided in this course. I will provide ample time during this class for you to assess who will be a member of your team. I will also set the group size and require that all groups comply. This might mean that some smaller groups may be divided up in order to fill out other groups. Each team, once established, will turn in a sheet of paper listing the members of and a name for your team.

I expect all members of a team to participate in all group assignments. If a group member is not pulling their weight, team members can file a complaint with me and can ultimately decide to fire the offending team member. That team member will then be required to complete the assignment on their own with no extra allowances for time.